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CATEGORY II - CONCUR, JOINT IMPLEMENTATION REQUIRED AND IN PROCESS

1. RECOMMENDATION (Page 12 and 13, Para. III B.5.b(1), (2) & (3)) (Cross Reference: Page 5, Para. III.a,b,&c); (1) The DCI establish an Agency Logistical Planning Board under the chairmanship of the DD/S, composed of senior representation from the Clandestine Services, Training, Personnel, Communications, Medical, Security, the Comptroller, and Logistics, with the mission of marshalling all the appropriate administrative offices to prepare logistical plans for support of operations. (The initial efforts of the Board should be directed to the preparation of those directives needed to feed operational plans into the logistical planning mechanism on a secure and timely basis.) (2) The present Chief, Planning Staff, Logistics Office be reassigned as Special Assistant (Planning) to the DD/S to serve as Secretary of the Board, and such positions and individuals as the DD/S considers necessary be transferred from the Planning Staff of the Office of Logistics to constitute a Secretariat for the Board. (3) As soon as this Board is organized, the Support Committee of the Clandestine Services Planning Board be abolished.

COMMENT: Concur in part in this recommendation. The Office of Logistics will contribute as required toward the establishment of a Planning Board as proposed in this recommendation and in accordance with the provisions of CIA Notice 1-100-1 dated 3 February 1955 and memorandum from the DCI to all major components dated 3 February 1955, subject: Administration of the Clandestine Services. Negotiations are presently being conducted toward the establishment of such a mechanism under DD/S control. The Office of Logistics will furnish representation on a full time basis.

2. RECOMMENDATION (Page 14, Para. III C.1.c) Inasmuch as Congress did not specifically extend to the Agency the authority to negotiate research and development and standardization contracts, CIA may be open to criticism (by Congress in response to a complaint by a disgruntled potential supplier) for justifying such contracts under other provisions of the Act. Therefore, it is recommended that the General Counsel determine whether the Agency should obtain the authorities of the Armed Services Procurement Act to negotiate both standardization and research and development contracts, bearing in mind that the latter authority must not be encumbered with the proviso of the Armed Services Procurement Act which requires a semi-annual report to Congress of each negotiated research and development contract.

COMMENT: Concur in this recommendation. Action will be taken by the Logistics Office to forward this recommendation to General Counsel and insure that proper follow-up is maintained. It should be noted that the statutory authority required in this recommendation was requested from the General Counsel by the Director of Logistics on 20 October 1953.

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3. RECOMMENDATION (Page 15, Para. III C.2.d(1)) (Cross Reference: Page 6, Para. II 6) The Chief of Logistics and DD/P develop and implement procedures for ensuring that "procurement authority, when delegated by the Chief of Logistics to the designated official responsible for the conduct of approved Agency projects is exercised in accordance with..applicable Agency regulations unless an approved administrative plan stipulates otherwise." See Regulation 45-510, paragraph 3c(4)]

COMMENT: Concur in this recommendation. The Logistics Office will initiate action with the DD/P to establish a control to insure that delegations of procurement authority are exercised in accordance with current regulations. This recommendation will be forwarded to the DD/P for comment and recommended course of action.

4. RECOMMENDATION (Page 16, Para. III C.2.d(2)) (Cross Reference: Page 6, Para. II 6) The DD/S arrange for the Logistics Office to be represented at all meetings of the Project Administrative Planning Staff on projects having logistical implications and to review formally such projects submitted to the PRC.

COMMENT: Concur in this recommendation. Recommendations to insure that the contents of this recommendation are fully implemented will be developed and forwarded through the DD/S to the DD/P for comment and approval. It is anticipated that this function will be performed by a representative from the organization component evolving from the consolidation of the Technical Review and Policy Staff and the Assistant Chief for Operations. The individual performing this function will insure that a formal review of all projects submitted to PRC will be conducted.

5. RECOMMENDATION (Page 16, Para. III C.2.d.(3)) (Cross Reference: Page 6, Para. II 6) An appropriate report on field procurement be designed by the Chief of Logistics and implemented by the DD/P for those overseas stations selected by the Chief of Logistics as having a significant volume of offshore procurement.

COMMENT: Concur in this recommendation. A procurement report has been developed and will be tested at ten principal locations overseas. This report is designed to facilitate complete headquarters review of all procurement actions. The implementation of this program is on a test basis but will be applied to all overseas locations upon successful completion of these service tests. It should be noted that personnel are not available within the Procurement Division, Logistics Office to perform this function at the present time. It is anticipated that a study outlining personnel requirements and functions to be performed will be submitted to the DD/S for review and approval in the near future.

6. RECOMMENDATION (Page 16, Para. III C.2.d(4)) (Cross Reference: Page 6, Para. II 6) The DD/S, DD/I, and DD/P require domestic and overseas units to submit to the Logistics Office either monthly reports or copies of purchase orders of their procurement from other Government Agencies, in order that the Chief of Logistics may fulfill his responsibility of "maintaining control of all interdepartmental procurement.. in a manner which will provide adequate security, control and recording, of classified procurement."

COMMENT: Concur in this recommendation. The Logistics Office will develop corrective measures concerning this recommendation and transmit to the DD/S, DD/I and DD/P for comment and approval. It should be noted that at the present time, reports are being received from field stations which indicate support rendered by the military. These reports are utilized primarily for reimbursement purposes and do not cover the procurement of any items from other government agency on a local purchase basis.

7. RECOMMENDATION (Page 22 and 23, Para. III C.5.a) The Industrial Contract Audit Branch (ICAB), Office of the Comptroller, is responsible for administrative audit (as distinguished from post audit by the Audit Office) of procurement contracts with private organizations. The Inspector General's Office survey of the Office of the Comptroller stated that "there is need for clarification of the responsibilities of the Comptroller and the Logistics Office with respect to review and audit of procurement contracts." In late Oct., a memorandum of understanding was negotiated between the Office of the Comptroller and the Logistics Office concerning their respective responsibilities and authorities for procurement contracts. While this memorandum may clarify some responsibilities, it fails to settle basic issues. Over the past two to three years controversy has developed between the Industrial Contract Audit Branch in the Office of Comptroller and Procurement Division, Logistics Office, over the audit of procurement contracts. There has been a time-consuming exchange of memoranda in each particular case instead of face-to-face discussion and decision. It is recommended that this situation be settled immediately by the DD/S.

COMMENT: Concur in this recommendation. This recommendation will be forwarded to the Comptroller for comments. In view of the fact that this recommendation is directly related to other recommendations of this report, a complete review of the working relationships between ICAB and the Procurement Division, Logistics Office will be re-evaluated.

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9. RECOMMENDATION (Page 24, Para. III C.5.c) (Cross Reference: Page 6, Para. II 10) Both the Procurement Division and contractors have complained that the Industrial Contract Audit Branch's audits are unnecessarily stringent and time-consuming. Also, there is evidence that the Branch is auditing fixed price contracts subject to price redetermination as stringently as cost plus fixed fee contracts, whereas the Board of Contract Appeals of the Department of Defense has ruled that the detailed audit prescribed by Armed Services Procurement Regulations for cost plus fixed fee contracts is neither desirable nor appropriate for price redetermination contracts. In order to obtain objective and technically competent investigations of these allegations, it is recommended that the DD/S arrange for a senior procurement auditor from the Department of Defense to determine whether the Branch is imposing unreasonable audit and accounting requirements upon contractors.

COMMENT: Concur in this recommendation. The Logistics Office will forward this recommendation to the Comptroller for comment and concurrence. Upon receipt of this information, request will be forwarded to the DD/S recommending approval for the utilization of Department of Defense procurement auditors in conducting detailed study of the auditing and accounting procedures presently utilized in conjunction with fixed fee contracts.

10. RECOMMENDATION (Page 24, Para. III C.5.d) As long as the Industrial Contract Audit Branch follows its present practices, it will continue to be understaffed and will not be able to keep abreast of the workload. However, the use of commercial methods and auditors for auditing government sterile task and research orders should reduce the workload. In addition, the investigation recommended in the preceding paragraph may result in further reduction in workload. It is recommended that, upon completion of that investigation, the Comptroller reassess the adequacy of the personnel strength of the Branch.

COMMENT: Concur in this recommendation. This recommendation will be forwarded to the Comptroller for comment and appropriate action.

11. RECOMMENDATION (Page 24, Para. III C.5.e) (Cross Reference: Page 6, Para. II 9) Recently a member of the Industrial Contract Audit Branch, while visiting [REDACTED] an unwitting employee of the contractor who is operating the facility. Investigation by the Inspector General's Staff revealed that arrangements do not exist whereby members of the Branch are required to obtain a security briefing before visiting a contractor's place of business. It is recommended that the Chief of Logistics and the Comptroller establish the necessary arrangements.

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COMMENT: Concur in this recommendation. The practice of briefing Logistics Office employees prior to visits to [REDACTED] has been in effect for some time. However, this Office will forward this recommendation to the Comptroller and indicate that a similar type procedure should be established for all Comptroller personnel visiting this area.

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12. RECOMMENDATION (Page 27, Para. III D.1.b(3)) (Cross Reference: Page 6, Para. II 12) That in view of the extensive service test and working level coordination, Field Handbooks 45-450-1 and 45-450-2 should be approved by the DD/S and published without further coordination.

COMMENT: Concur in this recommendation. Follow-up action to insure immediate publication of these Handbooks will be conducted by the Logistics Office. It should be noted that these Handbooks are in process by the Regulations Control Staff.

13. RECOMMENDATION (Page 27, Para. III D.1.b(3) - Note) (Cross Reference: Page 6, Para. II 13) That the DD/S develop a method of processing proposed Logistics Regulations which will materially reduce the excessive time now required, and specifically will eliminate the necessity for coordinating such regulations with each of the eight Divisions and five Senior Staffs of the DD/P area.

COMMENT: Concur in this recommendation. This recommendation will be forwarded to the DD/P and the Regulations Control Staff for comment and course of corrective action.

14. RECOMMENDATION (Page 29, and 30, Para. III D.2.d) In the Department of Defense it is the usual practice for supply and procurement organizations--and not the using organizations--to budget for all supplies and equipment required by the using components. Assignment to the Logistics Office of responsibility to budget for all supplies and equipment would increase the effectiveness of the Agency's supply system in the long run; and it is fallacious to argue that such an assignment cannot be made because of the requirements of performance budgeting. However, the Office should not be given this responsibility until the deficiencies noted in this survey are corrected.

COMMENT: Concur in this recommendation. During the past three years the Logistics Office has made considerable progress in securing realistic requirements for advance planning; however, no materiel requirements planning has been formulated to the extent whereby the Logistics Office can determine a realistic materiel budget. When logistics planning has been fully implemented throughout the Agency the Logistics Office can assume this budgetary responsibility. It should be noted that when this responsibility is assumed, it is anticipated that Comptroller-type personnel will be required. This recommendation will be forwarded to DD/P for comment.

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15. RECOMMENDATION (Page 30, Para. III D.2.f) That the Senior Representative, [REDACTED] conduct a thorough inspection of the security of the [REDACTED] warehouse and take corrective action.

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COMMENT: Concur in this recommendation. Action will be taken to forward a dispatch to the Senior Representative, [REDACTED] requesting that this inspection be conducted and corrective measures taken.

16. RECOMMENDATION (Page 31, Para. III E.4) (Cross Reference: Page 6, Para. II 16) That the DCI authorize the Director of Logistics direct cable and dispatch communication with the field (properly coordinated with DD/P Divisions) on logistical matters not primarily operational in nature.

COMMENT: Concur in this recommendation. A study was submitted to the DCI through the DD/S on 2 March 1954 requesting that the Logistics Office be authorized to direct cable and dispatch communications to field activities on logistics matters. It is understood that this study is in process of review by the Management Staff. Follow-up action will be initiated concerning this recommendation.

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is doubtful if the Agency could establish proof of the administrative necessity for the extra runs.

COMMENT: Concur in this recommendation. It is recognized that the operation of the shuttle bus as indicated in this recommendation is subject to continued evaluation. This recommendation will be forwarded to the General Counsel for further study. It should be noted that previous opinion of the General Counsel is that the present service is within current laws and directives.

18. RECOMMENDATION (Page 34, Para. III F.3.b) (Cross Reference: Page 7, Para. II 22) The responsibility for Headquarters mail and courier service and the 58 positions involved be reassigned from the Office of Logistics to the Office of Collection and Dissemination.

COMMENT: This recommendation will be forwarded to the Office of Collection and Dissemination for comment.

19. RECOMMENDATION (Page 42, Para. IV B.3.c) When the Branch (Mail and Courier Branch) is transferred to OCD (as recommended in paragraph III F) that Office should examine the justification for these separate courier facilities with a view to combining their activities with those of this otherwise centralized service.

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COMMENT: Concur in this recommendation, except where Agency components can justify full time individual courier services. This recommendation will be forwarded to OCD for examination of the justification of separate courier services.

20. RECOMMENDATION (Page 48, Para. IV C.3.d) That the DD/S should authorize such additional personnel as the Chief, Procurement Division can justify to facilitate adequate contract inspection.

COMMENT: Concur in this recommendation. A study will be prepared concerning personnel requirements to perform this function and forwarded to the DD/S for approval.

21. RECOMMENDATION (Page 54, Para. IV D.3.c) The Chief of the Inventory, Disposal and Special Accounts Section is the Accountable Officer for non-expendable property at those field stations for which Headquarters has retained property accountability. However, there is no mechanism to ensure that he is automatically informed of the addition or elimination of stations for which he is accountable. It is recommended that the DD/P, the Comptroller and the Director of Logistics jointly develop such a method.

COMMENT: Concur in this recommendation. This recommendation will be forwarded to the DD/P and Comptroller for comment. Follow-up will be maintained by the Logistics Office to insure complete implementation.

22. RECOMMENDATION (Page 55, Para. IV D.3.e) It is recommended that the DD/S authorize two additional positions -- one professional and one typist -- for the Special Accounts Section.

COMMENT: Concur in this recommendation. A study justifying two additional positions for the Special Accounts Section will be prepared and forwarded to the DD/S for approval.

23. RECOMMENDATION (Page 64, Para. IV E.4.a) That the Chief of the Passenger Movement Branch exercise more active technical supervision in the form of periodic audit of the activities of Central Processing Branch.

COMMENT: Concur in this recommendation. At the request of the Logistics Office, the Central Processing Branch under the Assistant Director for Personnel is now furnishing the Passenger Movement Branch, Transportation Division with certain statistical information which will enable the Passenger Movement Branch to exercise a more active control and audit of the activities of the Central Processing Branch than heretofore. It should be noted, however, that consideration should be given to eventually transferring this phase of Central Processing Branch's function to the Transportation Division.

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24. RECOMMENDATION (Page 71, Para. IV F.2.f) That this Division (RE&CD), working with General Counsel, attempt to obtain authority to provide funds for meeting the travel expenses of dependents of Division employees on long tours of temporary duty overseas.

COMMENT: Concur in this recommendation. This recommendation along with Logistics Office suggestions will be forwarded to the General Counsel requesting assistance in establishing funds to meet this requirement.

25. RECOMMENDATION (Page 71, Para. IV F.2.g) That the DD/P and the DD/S take necessary steps to ensure that RE&CD is fully informed as to the pertinent facts respecting all Agency holdings, whether foreign or domestic, operational, proprietary, or subsidy.

COMMENT: Concur in this recommendation. This recommendation will be forwarded to the DD/P through the DD/S for comment. It should be noted that in most instances required reports are being submitted to the Real Estate and Construction Division.

26. RECOMMENDATION (Page 72, Para. IV F.4.c) That the DD/P enforce current instructions which require prompt notification of changes in the status of employees.

COMMENT: Concur in this recommendation. This recommendation will be transmitted to the DD/P through the DD/S for comment and corrective action required.

27. RECOMMENDATION (page 74, Para. IV G.2.b (3)) That the Agency's Printing Advisor, in cooperation with Staff CI/DDP, inventory all TSS and other DD/P operational printing and reproduction facilities and programs with a view to their centralization under Printing and Reproduction Division direction.

COMMENT: Concur in this recommendation. A study will be prepared and forwarded through the DD/S to the DD/P outlining a procedure for conducting this inventory. Follow-up will be maintained by the Logistics Office.

28. RECOMMENDATION (Page 75, Para. IV G.3.b) If the DD/P and the DD/S establish senior officers responsible for coordinating the printing and reproduction programs of their various subordinate offices, these two Deputies and the DD/I might find it useful to have their officers charged with printing and reproduction problems constituted as an Agency Printing Advisory Committee with representation from Training, Communication, and Personnel. The principal task of such a committee would be to assist the Printing and Reproduction Division in understanding and undertaking the various consumer requirements which give the Division its work.

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COMMENT: Concur in this recommendation. The Logistics Office believes that such a committee could be beneficial in arriving at solutions to various printing and reproduction problems.

29. RECOMMENDATION (Page 76, Para. IV G.3.e) That OCD's responsibility to control and manage the distribution phase of the intelligence process be reaffirmed and that no distribution be made by the Printing and Reproduction Division unless it is demonstrated to the Division by OCD that time and distance factors absolutely require.

COMMENT: Concur in this recommendation. A staff study is in process which will reaffirm the relationships with the Office of Collection and Dissemination on distribution matters.

30. RECOMMENDATION (Page 75, Para. IV G.3.a) The six DD/S Offices should be similarly coordinated, preferably by the Agency's Printing Advisor serving as a Special Assistant to the DD/S.

COMMENT: Concur in part in this recommendation. The Office of Logistics concurs in the basic recommendation that the DD/S designate an officer to coordinate printing requirements for the other organizational components within the DD/S. The Logistics Office does not concur that such coordination should be performed by the Agency's Printing Advisor acting as Special Assistant to the DD/S as it would unnecessarily constitute a handicap in the performance of other and more vital functions. In addition, as reflected elsewhere in this report (see Category IV, Item 4) the Office of Logistics has indicated that the Agency's Printing Advisor should not be assigned as a Special Assistant to the DD/S. It should be noted that the already constituted printing coordinator for the DD/I has not functioned too effectively in the past but it is anticipated that additional development of these services can be brought about in the future.